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Minimum wage Panel must put a safety net for the low-paid above all else, say unions

A \$26 a week wage increase should be granted to low-paid workers to maintain a safety net and ensure they do not fall further behind average income earners, say unions.

In its reply submission for the 2012 Annual Wage Review by Fair Work Australia, the ACTU is urging the Panel to remember that its priority must be to provide and maintain a fair safety net for the one in six workers who are dependent on award wages.

ACTU Secretary Jeff Lawrence said the panel should disregard applications by employer groups that would cut the real wages of the low-paid to maximise business profits.

The Panel must also “look through” the impact of the introduction of the carbon price package when making its decision, and ignore calls by some employer groups to grant a smaller increase because of the compensation associated with the package, the ACTU submission says.

The ACTU’s reply submission restates the case for a \$26 a week increase to lift the National Minimum Wage to \$615.30 a week. This would mean a 68c an hour increase from \$15.51 an hour to \$16.19 an hour. For other award-reliant workers above the benchmark tradesperson’s rate, unions will seek a 3.8% increase.

Mr Lawrence said that since 2005, minimum wages have fallen further and further behind overall wages growth, and the purchasing power of the low-paid was now less than half-a-decade ago.

“It is grossly unfair that the low-paid in our economy are being left behind the rest of the workforce. The wage increases awarded in 2010 and 2011 have stopped them falling even further behind, but it’s now time to make up the ground that was lost under WorkChoices.

“If the National Minimum Wage had kept pace with overall wages growth, then it would be \$617.50 a week today, rather than \$589.30.”

The ACTU submission says that the claim of \$26 is modest and appropriate for the current state of the economy.

Mr Lawrence said the Fair Work Australia Panel should also ignore calls by some employer groups to award a lower increase in minimum wages because of the household compensation tied to the carbon price package that will begin in July.

“We believe the Panel should “look through” the carbon price package,” Mr Lawrence said. “The package will effectively have a neutral impact on the incomes of the low-paid with the compensation cancelling out any expected increase in the costs of living.

“To the extent that some low paid households have been overcompensated for cost of living increases, this is a deliberate policy decision by the Government that should not be undermined by the Panel awarding a lower minimum wage increase than it otherwise would have.”

The submission is available at www.actu.org.au

Media contact:

Rebecca Tucker ph (03) 9664 7359 or 0408 031 269; rtucker@actu.org.au